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SECURITIES AND EXCHANGE COMMISSION

Washington D. C., 20549

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FORM 10-Q

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QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE 13D
SECURITIES EXCHANGE ACT OF 1934

For Quart. May 31, 1992 Commission file number 0-4465

[illegible] rational Corporation
(Exact name of registrant as specified in its charter)

New York 13-2511270
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

708 South Fulton Avenue, Mount Vernon, NY 10550
(Address of principal executive offices) Zip Code

Registrant's telephone number, including area code 914-664-4400

[illegible] Name
Former name, former address and former fiscal year, if changed since last report.

Number of outstanding shares of registrant's Common Stock, Par Value: .10¢ as of July 15, 1992 1,215,200

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes X No

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SIRCO INTERNATIONAL CORPORATION AND SUBSIDIARIES

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SIRCO INTERNATIONAL CORP and SUBSIDIARIES
CONDENSED CONSOLIDATED
BALANCE SHEETS

ASSETS	May 31,1992 (Unaudited)	Nov. 30,1991 (See Notes)
Current Assets:		
Cash	$ 634,562	$1,071,493
Accounts receivable	6,439,055	7,416,993
Inventories	6,366,863	6,460,832
Prepaid expenses	538,032	315,268
Property held for sale	1,147,984	1,179,765
Other current assets	596,316	520,242
Total current assets	15,722,812	16,964,593
Property and equipment at cost	2,343,574	2,347,287
less accumulated depreciation	1,144,991	1,067,043
Net property and equipment	1,198,583	1,280,244
Other assets	22,465	21,382
	$ 16,943,860	$ 18,266,219
LIABILITIES & STOCKHOLDERS' EQUITY		
Current Liabilities:		
Loans payable-Bank	$ 5,917,153	$ 6,772,399
Current maturities of long-term debt	1,175,516	1,233,478
Accounts payable	1,021,402	1,857,849
Accrued expenses	1,473,633	1,521,098
Income taxes	5,936	5,936
Other loans	500,000	-
Total current liabilities	10,093,640	11,390,760
Long-term debt	424,831	453,840
Stockholders' Equity:		
Capital stock-$.10 par value		
Authorized- 3,000,000 shares		
Issued & outstanding-1,215,200 shares	121,520	121,520
Capital in excess of par value	4,027,534	4,027,534
Retained earnings	2,784,767	2,690,686
Accumulated translation adjustment	(508,432)	(418,121)
Total stockholders' equity	6,425,389	6,421,619
	$ 16,943,860	$ 18,266,219

Note: The balance sheet at November 30, 1991 has been derived from the audited financial statements at that date.
See notes to condensed consolidated financial statements.

SIRCO INTERNATIONAL CORP. and SUBSIDIARIES
CONSOLIDATED
CONDENSED STATEMENTS OF OPERATIONS

	For the Six Months Ended		For the Three Months Ended	
	May 31, 1992	May 31, 1991	May 31, 1992	May 31, 1991
Net sales	$14,317,814	$14,830,940	$ 7,588,328	$ 8,400,203
Cost of goods sold	9,987,707	11,097,438	5,399,785	6,465,836
Gross profit	4,330,107	3,733,502	2,188,543	1,934,367
Selling, warehouse, general and administrative expenses	4,249,717	5,040,485	2,147,586	2,544,970
Interest expense	80,390	(1,306,983)	40,957	(610,603)
Interest income	295,486	458,727	148,715	224,328
Foreign exchange (gains) losses	(5,512)	(9,564)	(1,336)	(3,508)
Miscellaneous income, net	(57,562)	102,229	(57,436)	41,227
	(186,935)	(40,006)	(110,986)	(16,534)
Income (loss) before provision for income taxes and extraordinary item	34,913	(1,818,369)	62,000	(856,116)
Provision (credit) for income taxes	(14,343)	-	(12,013)	-
Income (loss) before extraordinary item	49,256	(1,818,369)	74,013	(856,116)
Extraordinary item-tax benefit from utilization of operating loss carry forward	44,825	72,545	16,730	32,769
Net income (loss)	$ 94,081	$(1,745,824)	$ 90,743	$ (823,347)
Income (loss) per share of common stock-primary and fully diluted:				
Income (loss) before extraordinary item	$ .04	$ (1.50)	$ .06	$ (.70)
Extraordinary item	.04	.06	.01	.03
Net income (loss)	$ .08	$ (1.44)	$ .07	$ (.67)
Weighted average number of shares of common stock outstanding-primary and fully diluted	1,215,200	1,215,200	1,215,200	1,215,200

See notes to condensed consolidated financial statements.

SIRCO INTERNATIONAL CORP. and SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Six Months Ended	
	May 31, 1992	May 31, 1991
Cash flows from operating activities		
Net income (loss)	$ 94,081	$(1,745,824)
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	113,201	119,698
Provision for losses on accounts receivable	(29,277)	101,136
Foreign currency translation (gain) loss	(57,562)	102,229
Changes in operating assets and liabilities		
(Increase)decrease in accounts receivable	1,007,934	694,080
(Increase)decrease in inventories	95,086	1,222,505
(Increase)decrease in prepaid expenses & other	(223,667)	(45,179)
(Increase)decrease in other assets	(46,865)	(65,438)
Increase(decrease)in accounts payable	(840,616)	871,839
Increase(decrease)in accrued & other expenses	(45,843)	21,712
Increase(decrease)in income taxes	-	(6,792)
Net cash provided by operating activities	72,070	1,269,966
Cash flows from investing activities		
Purchases of property, plant and equipment	(69,813)	(96,532)
Proceeds from disposal of property, plant and equipment	2,910	-
Net cash used in investing activities	(66,903)	(96,532)
Cash flows from financing activities		
Issuance (repayment) of loans payable	(395,441)	(1,020,430)
(Repayment) of long-term debt	(10,789)	(136,855)
Net cash used in financing activities	(406,230)	(1,157,285)
Effect of exchange rate changes on cash	(35,868)	(179,285)
DECREASE IN CASH AND CASH EQUIVALENTS	(436,931)	(161,136)
Cash and cash equivalents at beginning of period	1,071,493	508,627
Cash and cash equivalents at end of period	$ 634,562	$ 345,491
Supplemental disclosures of cash flow information:		
Cash paid during the period for		
Interest	$ 295,486	$ 458,727
Income taxes	$ 4,260	$ 6,111

See notes to condensed consolidated financial statements.

SIRCO INTERNATIONAL CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Note 1-BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the six month period ended May 31, 1992 are not necessarily indicative of the results that may be expected for the fiscal year ended November 30, 1992. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended November 30, 1991.

Note 2-Extraordinary Item

The extraordinary item is the result of a tax benefit from the utilization of operating loss carry forwards.

Note 3-LOANS PAYABLE TO BANKS

On January 12, 1989, the Company established a bank credit agreement providing for a line of credit of up to $8,500,000 in the United States. Under the agreement, the bank provides a revolving loan for purposes of purchasing inventory, with interest payable monthly at prime plus 1-3/8%, to be collateralized by eligible accounts receivable and inventory. The line is also collateralized by a $500,000 certificate of deposit which is maintained at the bank by Yashiro Co., Inc. At May 31, 1992 $4,295,929 was outstanding under the agreement.

The bank assists the Company in establishing letters of credit, to cover purchase of inventory, equipment, or otherwise by guaranteeing payment or performance of such letters of credit. The outstanding amount of letters of credit shall constitute a subline within the line of credit and shall not exceed the sum of $4,000,000 in the aggregate at any one time. The Company has outstanding letters of credit totalling approximately $537,000 at May 31, 1992.

Under the terms of the financing agreement with the bank, the Company must maintain minimum net worth, as defined, of $8,045,000 and an interest coverage ratio, as defined, of 1.73 to 1.0. At May 31, 1992 the Company was in breach of these covenants and is therefore in default. The financing agreement includes a mortgage payable of $1,085,000; the entire mortgage payable has been classified as a current liability. However, the Company has a commitment from a factoring institution whereby such institution will finance the Company's accounts receivable.

On July 20, 1990, the Company entered into a bank credit agreement with another bank providing for a revolving line of credit up to $1,500,000. The agreement provides for the issuance of letters of credit in favor of the Company's foreign suppliers for the purchase of inventory, with interest payable monthly at prime plus 1%. The facility is secured by the personal guaranty of the Company's chairman. The Company may increase the line to $3,000,000 if the Company's chairman deposits $500,000 in the form of a certificate of deposit in the bank. Such deposit was made on May 12, 1992. At May 31, 1992 $1,219,599 was outstanding under the agreement. Also, the Company has outstanding letters of credit under this agreement totalling approximately $206,000 at May 31, 1992.

Other loans represent short term borrowings from Yashiro Co., Inc.

The Company's Canadian subsidiary has a line of credit agreement with a bank for approximately $500,000. Under this agreement, the bank provides a revolving loan to the Canadian subsidiary for purposes of purchasing inventory, with interest payable monthly at the Canadian prime rate plus 1%, to be collateralized by eligible accounts receivable, inventory and a building. At May 31, 1992, $401,625 was outstanding under the agreement, as well as $217,000 in outstanding letters of credit.

Note 4. Agreement for the sale of real property

On February 20, 1992, the Company entered into an agreement for the sale of real property with a net book value amount of approximately $1,147,984 at May 31, 1992, for a selling price of $1,300,000. If the Company at the buyer's option transfers the rights to an easement agreement to the buyer, the selling price will be increased to $1,560,000. This sale is contingent upon

certain events. If the buyer is unable to obtain other financing, Yashiro has agreed to finance the sale of the building. Accordingly, the real property has been reclassified to property held for sale at May 31, 1992. The proceeds from the sale will be used to retire the related mortgage which has a balance of $1,085,000 at May 31, 1992. The sale is schedualed to close on August 5, 1992.

SIRCO INTERNATIONAL CORP. and SUBSIDIARIES
MANAGEMENT'S DISCUSSION and ANALYSIS of
FINANCIAL CONDITION and RESULTS of OPERATIONS

Three and Six Months Ended 5/31/92 vs. 5/31/91

Results of Operations

Net sales for the second quarter and first half of 1992 were lower than for the comparable periods in 1991 by $812,000 and $523,000 respectively. While sales volume declined, gross margins substantially improved across all product categories. As a result, the gross profit increased $255,000 and $596,000 respectively during these periods.

Selling, warehouse, general and administrative expenses decreased during the second quarter and first half of 1992 by $397,000 and $791,000 respectively. There were several major reasons for this. First, payroll costs, travel expenses and commission expense were reduced as a result of employee cut backs. Second, bad debt expense was lower because of less retail bankruptcy filings.

As a direct result of the across the board improvement in margins and the overall reduction in expenses, the Company realized pre-tax income of $35,000 for the first six months of 1992 as compared to a pre-tax loss of $1,818,000 in 1991. The following is a comparison of the make up of this income (loss):

	000 Omitted	
	1992	1991
USA	132	(1431)
Canada	(118)	(145)
England	(19)	(180)
Hong Kong	40	(54)
	35	(1818)

Financial Condition and Liquidity

Working capital as of May 31, 1992 was $5,629,172 compared to $5,573,833 as of November 30,1991. The working capital ratio increased to 1.56 to 1 from 1.5 to 1 during this same period.

Net cash provided by operating activities amounted to $72,000 for the period ended May 31, 1992.

The Company and its Canadian Subsidiary have entered into financing agreements which provided for bank credit lines. Under the terms of one of the financing agreements, involving the Company, the Company must maintain minimum net worth, as defined, of $8,045,000 and an interest rate coverage ratio, as defined, of 1.73 to 1.0. At May 31, 1992, the Company was in breach of these covenants and is therefore in default. The financing agreement includes a mortgage payable of $1,085,000 and, accordingly, the entire mortgage payable has been classified as a current liability. However, the Company has a commitment from a factoring institution whereby

such institution will finance Company's accounts receivable. The bank credit lines are more fully described in Note 3 in the notes to condensed consolidated financial statements. Management believes that these bank credit lines, the commitment for a factoring agreement, along with internally generated funds, will be adequate to finance operations at anticipated levels.

SFAS No. 109 Statement of Financial Accounting Standards No. 109 (SFAS No. 109), "Accounting for Income Taxes," is required for the Company's fiscal year beginning after December 15, 1992. SFAS No. 109 requires the Company to adopt an asset and liability approach for financial accounting and reporting for deferred income taxes. The Company has not decided on a year of adoption or the method of adoption (restatement or cumulative effect adjustment). Accordingly, the impact of SFAS No. 109 on the Company has not been determined.

Management believes that inflation has not had a material impact on the Company's net sales or income.

SIRCO INTERNATIONAL CORP.

Part II-Other Information

Item 3. Defaults upon senior securities.
See note 3-Loan payable to bank

Item 6. Exhibits and Reports on Form 8-K

Exhibits-None

The Company did not file any reports on Form 8-K during the three months ended May 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Sirco International Corp.
Registrant

DATE

Steven Wall
President

DATE

Takeshi Yamaguchi
Vice-President